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C O N F I D E N T I A L SECTION 01 OF 03 BRUSSELS 001494

SIPDIS

STATE FOR NEA/IR DWALTERS;
USUN NYC FOR DMERCADO;
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USAID FOR RGOLD;

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SUBJECT: BRUSSELS DISCUSSIONS ON DEVELOPMENT ASSISTANCE TO IRANIAN CIVIL SOCIETY

REF: BRUSSELS 1428

BRUSSELS 00001494 001.2 OF 003

Classified By: USEU POLITICAL MINISTER COUNSELOR CHRISTOPHER R. DAVIS F OR REASONS 1.4 (B,D)

¶1. (C) SUMMARY: On October 28 Danika Walters from State/NEA and Ricki Gold from USAID/ME met with EU officials from the Directorate General for External Relations (RELEX), EuropeAid Development Cooperation Office, and Council of the European Union's General Secretariat Unit for the Middle East to discuss USG and EU development assistance programs in Iran. Walters and Gold detailed USG assistance to Iranian civil society groups, which passes through third country non-governmental organizations (NGO) to support rule of law, freedom of information, Iranian NGO capacity building, and open political space. They emphasized that USG assistance no longer funds opposition candidates or parties. EU representatives highlighted their transition from providing support almost exclusively through UN agencies to supporting NGOs, with one grant directly to an NGO based inside Iran. Commission and Council officials believe the change has decreased Iranian government interference in their programs. The EU and USG sides agreed to engage further. END SUMMARY

¶2. (C) Throughout their meetings, Walters and Gold outlined the scope and objectives of USG Iran assistance, which was roughly USD 20 million last year. They emphasized USG efforts do not support opposition candidates or political parties in Iran. Rather, assistance is focused on capacity building for civil society and non-governmental organizations, rule of law, freedom of information, and on keeping the political space open. Due to concerns for the safety of implementing organizations, USG assistance moves through third parties to ensure a firewall between USG funds and implementers inside Iran. This typically entails awarding an initial grant to a U.S. or third country organization, which then moves funding downstream to groups inside Iran. This method helps to ensure anonymity for funds, which insulates our partners and program participants and gives them greater latitude and protection to carry out their operations. USG programs also support bringing Iran civil society activists, journalists, bloggers, and other professionals outside Iran to receive capacity building training, to engage with international experts and counterparts, and to receive web-based training.

¶3. (SBU) The primary meeting for the day was held at the European Commission's Directorate General for External

Relations (DG RELEX). The Iran/Iraq desk officer from EuropeAid also participated in the meeting. DG RELEX is responsible for policy and programming for development assistance in non-ACP (i.e., non-Africa, Caribbean, and Pacific) countries, while EuropeAid is the operational and implementation body for EC assistance. Given the bifurcation, the RELEX/EuropeAid meeting provided Walters and Gold with an overview of policy, programming, operations, and implementation for the Commission's Iran assistance.

¶4. (C) RELEX's Iran desk cited technical and political factors which limit its ability to expand assistance in Iran. Primarily, the EC does not have a cooperation agreement in place with Iran. An EC cooperation agreement establishes a framework for EC development support and is a pre-condition for delivering assistance to governments or non-government partners. Also, the EC does not have a presence inside Iran to monitor and evaluate programs. At the moment, the EC relies on support from a number of EU member states which have embassies in Tehran. Politically, RELEX maintains the position that Iran do more to resolve on-going nuclear issues before RELEX can consider increasing its level of support. RELEX desk officer believes the prospect of further assistance could be an incentive for Iran to resolve the nuclear questions. (NOTE: While RELEX cited assistance as a possible incentive Council representatives made no connection between EC aid and on-going nuclear issues. END NOTE) Additionally, RELEX reps noted that recent arrests of EU citizens and increased pressure on their Iranian implementing partners following the elections (Reftel) make program expansion both politically and logistically difficult.

¶5. (C) According to EuropeAid's desk, EC assistance in Iran has gradually moved away from direct grants with United Nations (UN) agencies to programs implemented through

BRUSSELS 00001494 002.2 OF 003

European and Iranian NGOs. While this might mean less oversight by Iranian officials, who reportedly have close ties to the UN offices operating in Iran, EuropeAid acknowledged some difficulty in engaging partners and beneficiaries. We were told their current programs generally avoid human rights or reform content in favor of more practical activities, in an effort to move toward programs that are more acceptable to the Iranian government.

EuropeAid believes the risk to potential grantees limits the pool of applicants to those organizations working within the legal and political parameters set by the Iranian government.

EuropeAid believes these implementers are more able to reach beneficiaries. Also, there are stricter than normal reporting requirements for doing business in Iran. Thus, EuropeAid finds Iranian organizations to be well prepared and professional. EuropeAid's one direct grantee in Iran was previously a sub-awardee of an EU based NGO, an connection which better qualified the Iranian organization for its own EC grant.

¶6. (C) EuropeAid's programs rely on sector or thematic budget lines under the Development Cooperation Instrument. Specifically, EuropeAid utilizes either the Instrument for Democracy and Human Rights or a line for Non-State Actors (NSA), which is analogous to our NGO terminology. EC grants to UN agencies -- mainly them and the UN Office on live Iranian officials. EuropeAid draws from Iranian official training UN grants are likewise. EuropeAid does not plan to engage in disaster relief pointed to difficult EU engagement with and inside Iran because of the unresolved nuclear issue. The Council Secretariat contact highlighted the difficulty in delivering official messages to Iranian Ministries, which must then be delivered to the Iranian Embassy in Brussels. The contact noted that EU member states often rely on UN agencies for information about Iran.

¶9. (C) The Council Secretariat has a small level of funding for programs. Following recent elections, the Unit halted

work on a series of seminars on EU/Iran relations, one of which was to have taken place in Tehran. Also, they are pursuing creation of an internet site for multi-media news source in Farsi to combat misperceptions about the European Union. For the Unit's programs, the Ministry of Foreign Affairs provides initial approval of their projects and if approved moves down to lower level departments and agencies to work with EC grantees to implement. The Council Unit has found a willingness to cooperate in the secondary Ministries that are closer to project operations on the ground. Lastly, the Council desk questioned whether Iranian officials know that the USG has halted working with opposition candidates and parties. We noted statements to this effect in the past, but that the Iranian government was not likely to believe them.

¶10. (C) COMMENT: We should pursue discussion on assistance to enable USG and EC experts to explore what is working in Iran, to share information on partners, and to understand the political and social factors that influence project impact.

BRUSSELS 00001494 003.2 OF 003

We would recommend this discussion be broadened to include EU member states as well.

¶11. (SBU) State Department Foreign Affairs Officer Danika Walters and USAID Program Analyst Ricki Gold cleared on this cable.

MURRAY

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